

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**Financial Statements**  
**For Year Ended June 30, 2013**  
**With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 15 2014

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**  
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### **Independent Auditor's Report**

Rodney G. Arbuckle, DeSoto Parish Sheriff  
Mansfield, Louisiana

*I have audited the accompanying financial statements of the governmental activities, the general fund and aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.*

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### **Opinions**

In my opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-10), the budgetary comparison information and the schedule of funding progress for retiree health plan on pages 32-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Parish Sheriff's basic financial statements. The accompanying financial information listed as "Other Supplemental Information and Schedules" in the table of contents, and the annual reporting requirement of Sheriff as ex officio tax collector to the Legislative Auditor on Page 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2013, on my consideration of the DeSoto Parish Sheriff's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeSoto Parish Sheriff's internal control over financial reporting and compliance.



Mansfield, Louisiana  
December 30, 2013

**REQUIRED SUPPLEMENTAL INFORMATION (PART I)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**DeSoto Parish Sheriff**  
**Mansfield, Louisiana**

**Management's Discussion and Analysis (Unaudited)**

Within this section of the DeSoto Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative overview and analysis of the financial activities of the Sheriff as of and for the fiscal year ended June 30, 2013. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Sheriff's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

**FINANCIAL HIGHLIGHTS**

- The Sheriff's total net position increased \$2,851,945 (6.94%) during the fiscal year reported compared to an increase of \$7,774,457 (23.31%) at June 30, 2012, and \$12,394,942 (59.15%) at June 30, 2011. At June 30, 2013, the assets of the Sheriff exceeded its liabilities by \$43,976,559 compared to the prior year's ending net position of \$41,124,614. This current year increase is primarily due to an increase in property tax.
- Sales tax revenue decreased \$5,251,890 (54.52%) to \$4,381,486 during the fiscal year reported compared to a decrease of \$5,672,590 (37.06%) to \$9,633,376 at June 30, 2012, and an increase of \$5,038,074 to \$15,305,966 at June 30, 2011.
- The Sheriff's total general and program revenues were \$15,555,361 during the year ended June 30, 2013, compared to \$20,079,042 and \$23,682,547 during years ended June 30, 2012, and June 30, 2011, respectively.
- During the year ended June 30, 2013, the Sheriff's total expenses, excluding depreciation, was \$12,064,251, compared to \$12,304,585 and \$10,859,606 during years ended June 30, 2012 and June 30, 2011, respectively. Depreciation expense was \$639,166 in 2013; \$557,950 in 2012; and \$427,997 in 2011.
- The Sheriff's governmental funds report ending fund balance this year of \$42,152,459. This compares to the prior year ending fund balance of \$39,274,326. The financial highlights are explained in more detail in the "financial analysis" section of this document.
- The Sheriff's capital assets had a net increase of \$899,814 for the year ended June 30, 2013, \$947,476 for year ended June 30, 2012, and \$1,585,713 for the year ended June 30, 2011.
- The Sheriff implemented Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefit Plans Other Than Pension Plans" during the year ended June 30, 2010. The 2013 annual OPEB expense of \$714,393 was recorded for the year. The unfunded liability is reported as a long-term liability of \$2,720,789 in the Statement of Net Position.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The basic financial statements include two kinds of financial statements that present different views of the Sheriff -- Fund Financial Statements and Government-Wide Financial Statements. The Notes to the Financial Statements explain some of the information in the financial statements and provide additional detail. This report also contains additional required supplementary information (budgetary schedule) and other supplementary information in addition to the basic financial statements. These components are described below:

### **Governmental Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

Governmental funds are reported in the governmental fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented in the first three columns of the basic financial statements in this report.

The Sheriff maintains four governmental funds: the General Fund and three special revenue funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund which is classified as a major fund. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

### **Government-Wide Financial Statements**

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds. These statements report all revenues and expenses connected with the year, even if cash has not been received or paid and includes all assets of the Sheriff as well as liabilities (long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two



statements. The following two statements report the Sheriff's *net position* and changes in them. The Sheriff's net position--the difference between assets and liabilities--can be thought of as one way to measure the Sheriff's financial health, or *financial position*.

- **Statement of Net Position.** This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would also extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.
- **Statement of Activities.** This reports how the Sheriff's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 11 and 13 in the last column of this report.

#### Fiduciary Fund Financial Statements

The Fiduciary fund financial statements report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff only reports agency funds. The fiduciary fund financial statement of net position is presented as a basic financial statement in this report. The fiduciary fund statement of changes in net position is presented as other supplemental information.

#### Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

#### Other Information

The basic financial statements and accompanying notes, are followed by a section of required supplementary information concerning the Sheriff's budget presentations and retiree health benefits. Budgetary comparison statements are included for the general fund as "required supplementary information." This statement is a schedule demonstrating compliance with the Sheriff's adopted and final revised budget. Following the required supplementary information is supplementary information including a combining balance sheet for other governmental funds, a combining statement of revenues, expenditures and changes in fund balances for other governmental funds, and a statement of changes in net position for the fiduciary funds. Then a report for the Sheriff as ex officio tax collector is presented as required by the Louisiana Legislative Auditor.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

The following table provides a summary of the Sheriff's net position:

As noted earlier, net position may serve over time as a useful indicator of the Sheriff's financial position. The Sheriff's net position total \$43,259,718 at June 30, 2013.

A portion of the Sheriff's net position \$4,675,452 (10.63%) reflects its investment in capital assets such as safety equipment, vehicles, and computer hardware and software. The Sheriff uses these capital assets to provide services to the citizens of the parish; consequently, these assets are not available for future spending. There is no outstanding debt related to these assets. June 30, 2013, \$39,259,718 is unrestricted and may be used to meet the Sheriff's ongoing obligations to citizens and creditors at the discretion of the Sheriff. The unrestricted net position consists primarily of cash, demand and time deposits, and investments in the Louisiana Asset Management Plan (LAMP).

### SUMMARY OF STATEMENTS OF NET POSITION

	June 30, 2013		June 30, 2012		June 30, 2011	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
<b>ASSETS</b>						
Cash and interest-bearing deposits	\$ 37,621,533	79.11%	\$ 34,223,839	78.64%	\$ 30,342,157	86.53%
Investments	4,673,384		4,652,624			
Receivables	551,594	1.16%	868,001	1.99%	1,879,049	5.36%
Prepaid items	36,481	0.08%	-	0.00%	15,000	0.04%
Capital assets, net	4,675,452	9.83%	3,775,638	8.68%	2,828,212	8.07%
<b>TOTAL ASSETS</b>	<b>47,558,444</b>	<b>90%</b>	<b>43,520,102</b>	<b>89%</b>	<b>35,064,418</b>	<b>100%</b>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts and other accrued payables	616,041	17.20%	136,667	5.71%	173,250	10.11%
<b>Long-term liabilities:</b>						
Uncompensated absences	245,055	6.84%	252,426	10.54%	240,701	14.04%
Other postemployment benefit obligations	2,720,789	75.96%	2,006,396	83.76%	1,300,310	75.85%
<b>TOTAL LIABILITIES</b>	<b>3,581,885</b>	<b>100.00%</b>	<b>2,395,489</b>	<b>100.00%</b>	<b>1,714,261</b>	<b>100.00%</b>
<b>NET POSITION</b>						
Net investment in capital assets	4,675,452	10.63%	3,775,638	9.18%	2,828,212	8.48%
Restricted for other uses	41,389	0.09%	38,814	0.09%	62,997	0.19%
Unrestricted	39,259,718	89.27%	37,310,162	90.72%	30,458,948	91.33%
<b>TOTAL NET POSITION</b>	<b>\$ 43,976,559</b>	<b>100%</b>	<b>\$ 41,124,614</b>	<b>100%</b>	<b>\$ 33,350,157</b>	<b>100%</b>

## Changes In Net Position

Comparative data for government-wide information is presented as it accumulates and is presented to assist analysis in future years. The following table provides a summary of the Sheriff's changes in net position:

### **SUMMARY OF STATEMENTS OF ACTIVITIES**

	June 30, 2013		June 30, 2012		June 30, 2011	
	Governmental Activities	% of Total	Governmental Activities	% of Total	Governmental Activities	% of Total
<b>REVENUES:</b>						
Program:						
Charges for services/fines	\$ 1,718,367	11.05%	\$ 1,619,040	8.06%	\$ 1,658,170	7.00%
Operating and capital grants	1,059,920	6.81%	1,071,986	5.34%	1,001,875	4.23%
General:						
Property taxes	8,033,993	51.65%	7,438,506	37.05%	5,398,518	22.80%
Sales tax	4,381,486	28.17%	9,633,376	47.98%	15,305,966	64.63%
Video poker	131,728	0.85%	170,481	0.85%	158,609	0.67%
Unrestricted state grants	48,908	0.31%	59,612	0.30%	59,001	0.25%
Interest	114,892	0.74%	88,794	0.44%	71,522	0.30%
Miscellaneous	66,067	0.42%	(2,753)	-0.01%	28,886	0.12%
<b>TOTAL REVENUES</b>	<b>15,555,361</b>	<b>100%</b>	<b>20,079,042</b>	<b>100%</b>	<b>23,682,547</b>	<b>100%</b>
<b>PROGRAM EXPENSES:</b>						
Public safety	(12,703,417)		(12,304,585)		(11,287,603)	
<b>TOTAL EXPENSES</b>	<b>(12,703,417)</b>		<b>(12,304,585)</b>		<b>(11,287,603)</b>	
<b>CHANGE IN NET POSITION</b>	<b>2,851,944</b>		<b>7,774,457</b>		<b>12,394,944</b>	
<b>BEGINNING NET POSITION</b>	<b>41,124,615</b>		<b>33,350,158</b>		<b>20,955,214</b>	
<b>ENDING NET POSITION</b>	<b>\$ 43,976,559</b>		<b>\$ 41,124,615</b>		<b>\$ 33,350,158</b>	

### *Revenues*

The Sheriff is heavily reliant on sales and property taxes to support operations. Sales tax revenue dedicated to personnel salaries provided \$4,381,486 (28.17%) of revenue during the current fiscal year. This was a decrease of \$5,251,890 (54.52%) over June 30, 2012, and decrease \$10,924,480 (71.37%) over June 30, 2011. Property taxes provided 51.65% of the Sheriff's total revenues. \$12,777,074 (82.14%) of total revenue was derived from general revenues including property and sales tax, video poker, state revenue sharing, interest and miscellaneous. This compares to general revenues of \$17,388,016 (86.60%) in June 30, 2012, and \$21,022,502 (88.77%) in June 30, 2011.

Note that program revenues covered 17.86% of the government's operating expenses for year end June 30, 2013, compared to 13.40% and 11.23% at June 30, 2012 and June 30, 2011, respectively. This means that the government's taxpayers and the Sheriff's other general revenues funded 82.14% of its operations during the year ended June 30, 2013; 86.60% for year ended June 30, 2012 and; 88.77% for year ended June 30, 2011.

Interest earnings of \$114,892 were generated to support governmental activities for year end June 30, 2013, up from prior years. This is due to the increase in cash.

### *Functional Expenses*

The total function of the Sheriff's office is public safety-law enforcement activities. Of the total costs, depreciation on the office equipment and vehicles was \$639,166 or 5% of total expenses.

## **FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS**

### **General Fund--Major Governmental Fund**

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's 2013 fund balance increased by \$2,878,133. Oil & gas activities in the parish have contributed to the 8.01% increase in property. Overall, revenues from all sources decreased \$4,368,686 for the year. Expenditures reflect an increase of \$228,822 over last year, or about 1.8%. That net increase was comprised of: a) a \$581,381 increase in personal and related benefits; b) a \$280,146 decrease was in materials and supplies; c) capital outlays decreased \$99,584 d) operating services increased by \$24,167; and e) travel and other charges were virtually unchanged.

### **Non-major Governmental Funds**

The other non-major funds that the Sheriff's office maintains are those related to DARE, Task Force activities, and Criminal Interdiction. The Tri-Parish Task Force is no longer funded by a federal grant for narcotics investigations, but is funded by grants from the three parishes involved. DARE's primary activities are for the salary and expenses related to a deputy for drug intervention/education for children. The revenue for this fund has both remained fairly constant but expenditures decreased \$27,229 from last year. The Criminal Interdiction Fund is comprised of monies released that were held from drug seizures. The General Fund transferred monies to the task force and criminal interdiction funds to continue their operations.

The non-major Special Revenue Funds' revenues (detailed in Schedule 4 as supplementary information) decreased by \$8,884 over 2012 and expenditures increased by \$3,425. The net effect, after other financing sources effects, was a fund balance increase of \$1,986 for 2013 versus the 2012 net decrease of \$11,205 and the 2011 net increase of \$32,944.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Sheriff complies with state law, as amended, and as set forth in the Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA--R.S. 39:1301 seq.). The Sheriff did not amend the original budget during the year.

Actual revenues and other financing sources available for expenditure were \$1,617,814 more than originally budgeted. Actual expenditures and other financing uses were \$1,070,019 less than the final budgeted amounts.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital assets**

The Sheriff's investment in capital assets, as of June 30, 2013, was \$6,671,524, net of accumulated depreciation \$1,996,072, leaving a book value of \$4,675,452. This investment in capital assets consists of safety equipment, vehicles, office furniture and equipment, farm, training and communications equipment, buildings and improvements, and computer hardware and software. The total increase in the Sheriff's investment in capital assets for the current year was \$899,814 (23.83%).

Additions to capital assets during year end June 30, 2013, included \$34,625 for the addition on the narcotics facility along with \$28,419 in surveillance equipment, \$38,979 in farm equipment, and

\$450,202 for sixteen vehicles, (2 pickups, 11 patrol cars at \$28,199 each, a transportation bus, sheriff vehicle, and a donated truck). Additional safety equipment included a rescue boat (\$16,429) for use on the Sabine River and Toledo Lake, a helicopter (\$288,400) and communication equipment (\$5,566). The Sheriff also cleared land (\$15,800) and began the construction of a maintenance building (construction in progress total of \$666,823) The balance of the construction contract at June 30, 2013 was \$1,195,930 reported as committed funds in the governmental funds balance sheet. Depreciation charges for the year totaled \$639,166 compared to \$557,950 and \$427,997 for 2012 and 2011, respectively.

At June 30, 2013, the depreciable capital assets for governmental activities were 29.92% depreciated versus 30.01% and 37.45% in the prior two years. This comparison indicates that the Sheriff is replacing his assets at a steady rate. This percentage is a positive indicator.

### Debt

At year end, the Sheriff's long-term debt is due to employees for uncompensated earned absences and for accrued health care and life insurance benefits for retirees.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The annual budget is developed to provide efficient, effective and economic uses of the Sheriff's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Sheriff sets the direction of the department, allocates its resources, and establishes its priorities. The following economic factors were considered when the budget for the fiscal year end June 30, 2014, was prepared.

- Sales tax and property revenues are conservatively expected to remain constant over the prior year.
- The Sheriff plans to continue to update the vehicles in the department as well as update equipment.
- Other revenues and expenditures are expected to be consistent with the prior year.

### **CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Sheriff's finances, compliance with governmental financial reporting laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Rodney Arbuckle, Sheriff, 205 Franklin, Mansfield, LA 71052.

## **BASIC FINANCIAL STATEMENTS**

**DESOTO PARISH SHERIFF**

Mansfield, Louisiana

**GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION**

June 30, 2013

	Governmental Funds Financial Statements				Government-wide
	Balance Sheet				Statements
	General	Nonmajor	Total	Adjustments	Statement of
	Fund	Funds			Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 37,509,579	\$ 111,954	\$ 37,621,533	\$ -	\$ 37,621,533
Investments	4,673,384	-	4,673,384	-	4,673,384
Accounts receivables	549,056	2,538	551,594	-	551,594
Prepaid expenses	36,481	-	36,481	-	36,481
Capital assets, net of accumulated depreciation, (see note 5)	-	-	-	4,675,452	4,675,452
TOTAL ASSETS	\$ 42,768,500	114,492	42,882,992	4,675,452	47,558,444
<b>LIABILITIES</b>					
Accounts payable	\$ 616,041	\$ -	\$ 616,041	-	616,041
Other postemployment benefit obligations	-	-	-	2,720,789	2,720,789
Compensated absences	-	-	-	245,055	245,055
TOTAL LIABILITIES	616,041	-	616,041	2,965,844	3,581,885
<b>FUND BALANCE/NET POSITION</b>					
Fund Balances:					
Nonspendable:					
Prepaid expenses	36,481	-	36,481	(36,481)	-
Restricted:					
DARE program	-	41,389	41,389	(41,389)	-
Committed:					
Construction contract--Maintenance Building	1,195,930	-	1,195,930	(1,195,930)	-
Assigned:					
Drug task force	-	15,300	15,300	(15,300)	-
Criminal Interdiction	-	57,803	57,803	(57,803)	-
Unassigned	40,920,048	-	40,920,048	(40,920,048)	-
TOTAL FUND BALANCES	42,152,459	114,492	42,266,951	(42,266,951)	
TOTAL LIABILITIES AND FUND BALANCE	\$ 42,768,500	\$ 114,492	\$ 42,882,992	-	
Net Position:					
Net investment in capital assets				4,675,452	4,675,452
Restricted				41,389	41,389
Unrestricted				39,259,718	39,259,718
TOTAL NET POSITION				\$ -	\$ 43,976,559

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

**DESOTO PARISH SHERIFF**  
Mansfield, Louisiana

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
June 30, 2013

<b>Total Fund Balance, Governmental Funds</b>		<b>\$ 42,266,951</b>
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statement, but are reported in the governmental activities of the Statement of Net Position		
Cost of capital assets	6,671,524	
Less accumulated depreciation	<u>(1,996,072)</u>	4,675,452
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Position		
Compensated absences		(245,055)
Other post employment benefit obligation		(2,720,789)
<b>Net Position of Governmental Activities in the Statement of Net Position</b>		<b>\$ <u>43,976,559</u></b>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.



**DESOTO PARISH SHERIFF**  
Mansfield, Louisiana

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2013

	Governmental Funds Financial Statements				Government-wide
	Statement of Revenue, Expenditures and Changes in Fund Balance				Statements
	General	Nonmajor	Total	Adjustments	Statement of
	Fund	Funds			Activities
EXPENDITURES/EXPENSES					
Public Safety:					
Personal services & related benefits	\$ 9,161,940	\$ 30,190	\$ 9,192,130	\$ 707,021	\$ 9,899,151
Operating expenses	789,525	97,509	887,034	-	887,034
Material & supplies	1,216,413	17,742	1,234,155	-	1,234,155
Travel & other charges	39,810	4,101	43,911	-	43,911
Capital outlays	1,545,243	-	1,545,243	(1,545,243)	-
Depreciation	-	-	-	639,166	639,166
TOTAL EXPENDITURES/EXPENSES	12,752,931	149,542	12,902,473	(199,056)	12,703,417
PROGRAM REVENUES					
Prisoner reimbursement fees	403,270	\$ -	\$ 403,270	-	403,270
Contractual fees	650,505	-	650,505	-	650,505
Fines, forfeitures, and other commissions	639,084	25,508	664,592	-	664,592
Operating grants and contributions	1,009,021	50,899	1,059,920	-	1,059,920
TOTAL PROGRAM REVENUES	2,701,880	76,407	2,778,287	-	2,778,287
NET PROGRAM EXPENSE	10,051,051	73,135	10,124,186	199,056	9,925,130
GENERAL REVENUES					
Property taxes	8,254,960	-	8,254,960	(220,967)	8,033,993
Sales taxes	4,381,486	-	4,381,486	-	4,381,486
State revenue sharing	48,908	-	48,908	-	48,908
Video poker	131,728	-	131,728	-	131,728
Miscellaneous income	34,677	-	34,677	-	34,677
Investment earnings	114,771	121	114,892	-	114,892
TOTAL GENERAL REVENUES	12,966,530	121	12,966,651	(220,967)	12,745,684
EXCESS(Deficiency) of REVENUES OVER EXPENDITURES/ CHANGES IN NET POSITION	2,915,479	(73,014)	2,842,465	(21,911)	2,820,554
Other financing sources(uses):					
Operating transfers in (out)	(75,000)	75,000	-	-	-
Sale of assets/ Gain (loss) on sale of assets	37,600	-	37,600	(6,264)	31,336
Gain on damaged assets	54	-	54	-	54
TOTAL OTHER FINANCING SOURCES(USES)	(37,346)	75,000	37,654	(6,264)	31,390
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)/ CHANGE IN NET POSITION	2,878,133	1,986	2,880,119	(28,175)	2,851,944
FUND BALANCE / NET POSITION					
Beginning of the year	39,274,326	112,506	39,386,832		41,124,615
End of the year	\$ 42,152,459	\$ 114,482	\$ 42,266,951		\$ 43,976,559

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

**DESOTO PARISH SHERIFF**  
Mansfield, Louisiana

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2013

**Fund Financial statements excess of revenues over expenditures** **\$ 2,880,119**

Governmental funds report capital outlays as expenditures because such outlays use current financial resources. However, for governmental activities those capital outlays are reported in the Statement of Net Position and are allocated over their useful lives in the Statement of Activities.

Capital outlays	1,545,243	
Depreciation expense	<u>(639,166)</u>	906,077

In the Statement of Activities, the loss of the disposal of fixed assets is reported; whereas, in the governmental funds, the proceeds from the disposal increase financial resources.

Proceeds from disposal of fixed assets	(37,600)	
Gain of disposal of fixed asset	<u>31,336</u>	(6,264)

In the Statement of Activities, certain operating expenses, are measured by the the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid.

(Increase) decrease in accrued compensated absences	7,371	
(Increase) decrease in other post employment benefit obligations	<u>(714,392)</u>	(707,021)

Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds. They are, however, reported in the Statement of Activities.

Increase (decrease) in deferred revenues-ad valorem taxes		(220,967)
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<b>Government-wide change in net position</b>		<b>\$ <u>2,851,944</u></b>
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The accompanying notes are an integral part of this statement.  
See the accompanying independent auditor's report,

**DESOTO PARISH SHERIFF**  
Mansfield, Louisiana

**FIDUCIARY FUND TYPE- AGENCY FUNDS**  
**Statement of Fiduciary Net Position**  
June 30, 2013

	<u>Tax Collector Fund</u>	<u>Civil Fund</u>	<u>Criminal Fund</u>	<u>Drug Seizures Escrow Fund</u>	<u>Inmate Fund</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 10,243	\$ 8,434	\$ 268,118	\$ 899	\$ 4,345	\$ 292,039
Other assets	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 10,243</u>	<u>\$ 8,434</u>	<u>\$ 268,118</u>	<u>\$ 899</u>	<u>\$ 4,345</u>	<u>\$ 292,039</u>
<b>LIABILITIES</b>						
Liabilities						
Held for other taxing bodies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Held for others pending court action	10,243	8,434	268,118	899	-	287,694
Held for inmates	-	-	-	-	4,345	4,345
<b>TOTAL LIABILITIES</b>	<u>10,243</u>	<u>8,434</u>	<u>268,118</u>	<u>899</u>	<u>4,345</u>	<u>292,039</u>
<b>NET POSITION</b>	<u>\$ 10,243</u>	<u>\$ 8,434</u>	<u>\$ 268,118</u>	<u>\$ 899</u>	<u>\$ 4,345</u>	<u>\$ 292,039</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

## **NOTES TO FINANCIAL STATEMENTS**

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

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**INTRODUCTION**

As provided by Article V. Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term, as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court and serving subpoenas. As the ex-officio tax collector of the parish, the Sheriff is responsible for the collection and distribution of ad valorem property taxes, state revenue sharing funds, and fines, court costs, and bond forfeitures imposed by the district court.

The Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, and other programs, et cetera. Additionally, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying basic financial statements of the DeSoto Parish Sheriff have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for the establishment of governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*, issued in June, 1999.

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the DeSoto Sheriff's current financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact on the DeSoto Sheriff's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 63 does not have any impact on the DeSoto Sheriff's financial statements, other than to change the name of the Statement of Net Assets to the Statement of Net Position.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Basis of Presentation (continued)**

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The DeSoto Sheriff does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Sheriff's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 although the DeSoto Sheriff elected to early implement statement 65 in calendar year 2012. The adoption of GASB 65 does not have any impact on the DeSoto Sheriff's financial statements.

**B. Reporting Entity**

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reported entity and component units that should be included within the reporting entity. The basic criteria for including a potential component unit within the reporting entity is financial accountability. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Considering the foregoing criteria, the DeSoto Sheriff is deemed to be a separate reporting entity. The accompanying financial statements present information only on the funds maintained by the DeSoto Sheriff. There are no component units to be included in the Sheriff's reporting entity.

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. The Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The DeSoto Parish Police Jury maintains and operates the building in which the Sheriff's office is located and pays the costs associated with the jail.

**C. Fund Accounting**

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting/Measurement Focus**

**Governmental Fund Financial Statements**

The columns labeled Governmental Funds Financial Statements for the General Fund and Nonmajor Funds in Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of sheriff operations.

The amounts reflected in the General Fund and Nonmajor Funds of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. Nonmajor funds are aggregated and presented in a single column.

The Sheriff reports the following governmental funds:

**General Fund.** The general fund, as provided by Louisiana Revised Statute 33:1422 is the principal fund and is used to account for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax and sales tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, and various other reimbursements, fees, grants, and commissions. General operating expenditures are paid from this fund.

**Special Revenue Funds.** Special revenue funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales, taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes. Per criteria for Fund Financial Statements below, these funds are presented as nonmajor funds in the governmental fund financial statements.

The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting/Measurement Focus (continued)**

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Gaming tax revenues are recorded in the period in which the exchange transactions on which the tax is imposed occur. Fines, forfeitures, fees and court costs are recognized in the period they are released for distribution by the Courts.

Federal and state entitlements are recorded as unrestricted grants-in-aid when available and measurable. Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements in which the Sheriff must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the Sheriff on a reimbursement basis.

Interest earnings on deposits are recorded when earned.

Those revenues susceptible to accrual are sales taxes, property taxes, grants, contracts, interest revenue and charges for services. Substantially all other revenues, including fines, forfeitures and commissions, are not susceptible to accrual because generally they are not measurable until received in cash.

**Expenditures**

Salaries and related benefits are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized as expenditures when the related fund liability has been incurred.

Transfers between funds that are not expected to be repaid, sales of assets and compensation for loss of assets are accounted for as other financing sources (uses). These other sources (uses) are recognized at the time the underlying events occur.

**Government-Wide Financial Statements**

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fiduciary Fund Financial Statements**

Fiduciary Fund financial statements include a Statement of Net Position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds, which are custodial in nature (assets equal liabilities), do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.



**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, interest bearing demand deposits, money market accounts or nonnegotiable certificates of deposit. Under state law, the Sheriff may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

**F. Accounts Receivable**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include ad valorem taxes, fees for services, and other intergovernmental revenues. All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

**G. Prepaid expenses**

Payments made to vendors for services or supplies that will benefit periods beyond June 30, 2013, are recorded as prepaid expenses.

**H. Capital Assets**

Capital assets which include property, plant, and equipment are reported in the government-wide financial statements. All capital assets, other than land are depreciated using the straight-line method over their estimated useful lives, ranging from three to twenty years depending upon the expected durability of the particular asset. Depreciation of all exhaustible capital assets is recorded as an expense in the statement of net assets.

All purchased and constructed capital assets are valued at historical cost or estimated cost if historical cost is not available. Donated capital assets are valued at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing capital assets for reporting purposes. Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Salvage value is taken into consideration for depreciation purposes for vehicles.

Assets reported in the fund financial statements for governmental funds exclude capital assets. The governmental funds financial statements report the acquisition of capital assets as expenditures.

**I. Compensated Absences**

The Sheriff has the following policy relating to vacation and sick leave:

*After one year of service, all regular, full-time employees are granted 10 days of vacation leave each year. With 12 years plus continuous service with the DeSoto Parish Sheriff, employees are granted 15 days vacation each year. Vacation leave may be accumulated and carried forward to succeeding years. Upon termination of employment, employees are paid for up to 160 hours of accumulated vacation leave. Sick leave is granted on a case-by-case basis, at the discretion of the Sheriff. The Sheriff's recognition and measurement criterion for compensated absences is as follows: The vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is not accrued.*

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Interfund Transactions**

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient and as an expenditure or expense by the provider. If repayment is expected, these receivables and payables are classified as "Advance to (from) other funds." In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities. In addition, interfund receivables and payables are eliminated to present a net balance for each type of activity.

**K. Sales Tax**

The DeSoto Sheriff passed a one-half of one percent (1/2%) sales and use tax on July 17, 2004. Collection of the tax began October 1, 2004. These funds are dedicated to paying salaries and benefits for the law enforcement personnel of the Sheriff. The amount of sales tax collected for year ended June 30, 2013, was \$4,381,486.

**L. Equity**

*Net Position*

In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net assets and is reported in three components:

- a. Net Investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position—Consists of net position with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position—Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

*Fund Balances*

As required by GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," this Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable*—Amounts that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact.
- *Restricted*—Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government).
- *Committed*—Amounts constrained by the Sheriff himself. To be reported as committed, amounts cannot be used for any other purpose unless the Sheriff takes the action to remove or change the constraint.
- *Assigned*—Amounts the Sheriff intends to use for a specific purpose.
- *Unassigned*—All amounts not included in other spendable.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Equity (continued)**

At June 30, 2013, \$36,481 was non-spendable prepaid expenses; \$41,389 was restricted by the grantor; \$1,195,930 was committed to completing the mechanical facility, \$73,103 was assigned and \$40,920,048 was unassigned.

The Sheriff would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**M. Risk Management**

The Sheriff is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist, and collision; health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. The Sheriff also maintains a Louisiana Sheriffs' Risk Management Program liability insurance policy. No claim has been paid on the policy during the past three years nor is the Sheriff aware of any unfilled claims.

**N. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those amounts.

**2. LEVIED TAXES**

The Sheriff was authorized and levied an ad valorem tax millage of 12.47 mills for 2012. Ad valorem taxes are recorded in the year the taxes are assessed. Total assessed value in the parish was \$694,943,220 in 2012. The following are the principal taxpayers for the parish and the Sheriff's 2012 assessed valuations:

Taxpayer	Type of Business	2012 Assessed Valuation	2012 Assessed Tax	Percentage of Total Assessed Valuation
Exco Partners Operating	Oil & Gas	\$ 65,210,954	\$ 813,181	16.42%
Chesapeake Operating	Oil & Gas	51,381,750	640,730	12.94%
International Paper Co.	Manufacturing	42,840,430	534,220	10.79%
El Paso E&P Company LP	Oil & Gas	42,350,912	528,116	10.66%
Acadian Gas Pipeline System	Oil & Gas	30,144,780	375,905	7.59%
Southwestern Electric	Utility	22,225,259	277,149	5.60%
Enterprise Gathering LLC	Oil & Gas	20,922,773	260,907	5.27%
Cleco Power	Utility	19,993,723	249,322	5.03%
Comstock Oil & Gas	Oil & Gas	17,735,283	221,159	4.47%
Chesapeake Midstream	Oil & Gas	15,055,083	187,737	3.79%
Total		<u>\$ 327,860,947</u>	<u>\$ 4,088,426</u>	<u>82.55%</u>

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

*Cash and Cash Equivalents:*

At June 30, 2013, the Sheriff has cash in interest bearing and non-interest bearing accounts (book balance) totaling \$37,913,571 as follows:

	Government Funds	Fidiciary Funds	Total
Demand deposits	\$ -	\$ 280,897	\$ 280,897
Interest-bearing demand deposits	37,621,433	11,142	37,632,574
Petty Cash	100	-	100
Categorized bank deposits	\$ 37,621,533	\$ 292,039	\$ 37,913,571

*Investments:*

At June 30, 2013, the Sheriff has investments (book balances) totaling \$4,673,384 as follows:

Louisiana Asset Management Pool	\$ 636,454
Time deposits	4,036,930
Total investments	\$ 4,673,384

Investment valuation. The certificate of deposit is stated at cost, which approximates market value. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

The cash and investments of the DeSoto Parish Sheriff are subject to the following risks.

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Sheriff's name.

At year end, the Sheriff had collected bank balances of \$42,663,519 which were fully protected by \$566,517 of federal depository insurance and pledged securities with a market value of \$60,104,007 held by the custodial banks in the name of the DeSoto Sheriff.

**Interest Rate Risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The Sheriff does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

However, as a means of offsetting exposure to interest rate risk, the Sheriff diversifies its investments by security type and institution. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

*Credit Risk:* Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The DeSoto Sheriff's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the DeSoto Sheriff may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana.

Investments held at June 30, 2013, include \$636,454 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP, Inc. is not registered with the SEC as an investment company.

**4. RECEIVABLES**

The following is a summary of receivables at June 30, 2013:

	General Fund	Nonmajor Funds	Total
Intergovernmental revenues:			
OCDETF	\$ 4,869	-	4,869
Parish LACE revenue	39,820	-	39,820
State grants	-	2,538	2,538
Probation & Juvenile officers	36,983	-	36,983
Juvenile detail	1,850	-	1,850
DeSoto Parish Police Jury	40,853	-	40,853
Sales tax	326,566	-	326,566
Ad valorem tax	196	-	196
Fees, charges, and commissions for services:			
Witness fees	1,250	-	1,250
Background check fees	19,062	-	19,062
Court attendance	408	-	408
Feeding and keeping parish prisoners	9,044	-	9,044
Feeding and keeping state prisoners	20,707	-	20,707
Prisoner transportation	901	-	901
Logansport contract	46,548	-	46,548
Totals	<u>\$ 549,056</u>	<u>\$ 2,538</u>	<u>\$ 551,594</u>

**DESOTO PARISH SHERIFF**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. CAPITAL ASSETS**

A summary of changes in office furnishings, equipment and vehicles follows:

<u>Governmental Activities</u>	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Reclassification/ Deletions</u>	<u>Balance 6/30/2013</u>
Capital assets not begin depreciated:				
Land	\$ 75,000	\$ 15,800	\$ -	\$ 90,800
Construction in Progress	-	666,823	-	666,823
Total assets not being depreciated	<u>75,000</u>	<u>682,623</u>	<u>-</u>	<u>757,623</u>
Depreciable assets:				
Office equipment & furniture	68,382	28,419	-	96,801
Safety equipment	456,742	310,395	(20,830)	746,307
Communications equipment	137,487	-	-	137,487
Farm equipment	-	38,979	20,830	59,809
Training equipment/apparatus	75,448	-	-	75,448
Computers & Software	410,193	-	-	410,193
Vehicles	2,091,089	450,202	(273,082)	2,268,209
Buildings & improvements	<u>2,085,022</u>	<u>34,625</u>	<u>-</u>	<u>2,119,647</u>
Total depreciable assets	<u>5,324,363</u>	<u>862,620</u>	<u>(273,082)</u>	<u>5,913,901</u>
Total Assets	5,399,363	1,545,243	(273,082)	6,671,524
Less accumulated depreciation	<u>1,623,724</u>	<u>639,166</u>	<u>(266,818)</u>	<u>1,996,072</u>
Capital assets, net	\$ <u>3,775,639</u>	\$ <u>906,077</u>	\$ <u>(6,264)</u>	\$ <u>4,675,452</u>

Depreciation expense in the amount of \$639,166 was charged to public safety.

**6. COMPENSATED ABSENCES**

Compensated absences represent accumulated and vested employee leave benefits computed in accordance with accounting principles generally accepted in the United States of America. The liability for compensated absences is computed only at the end of the fiscal year. As of June 30, 2013, the Sheriff's compensated absences payable in accordance with GASB Statement No. 16 amounted to 12,602 hours with a resulting liability as following:

Compensated absences at July 1, 2012	\$ 252,426
Additions	245,055
Deductions	(252,426)
Compensated absences at June 30, 2013	<u>\$ 245,055</u>

**7. DEFERRED COMPENSATION**

Certain employees of DeSoto Sheriff participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, P. O. Box 94397, Baton Rouge, Louisiana 70804-9397.

**DESOTO PARISH SHERIFF**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**8. PENSION PLAN**

*Plan Description.* Substantially all employees of the DeSoto Parish Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All Sheriffs and all deputies who were between the ages of 18 and 50 at the time of original employment, are found to be physically fit, and who earn at least \$400 per month are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5% for each year if total service is at least 12 but less than 15 years, 2.75% for each year if total service is at least 15 but less than 20 years, and 3% for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25% for all service rendered on or after January 1, 1980.) In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 1225 Nicholson Dr., Baton Rouge, Louisiana 70802, or by calling (225) 219-0500.

*Funding Policy.* Plan members are required by state statute to contribute 10 percent of their annual covered salary and the DeSoto Parish Sheriff is required to contribute at an actuarially determined rate to the pension plan. The current rate is 13.25 percent of annual covered payroll. The DeSoto Sheriff makes the contributions on behalf of the employees as well as the employer's required contribution. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the DeSoto Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The DeSoto Parish Sheriff's contributions to the System for the years ended 2013, 2012, and 2011, were \$1,566,590, \$1,433,926, and \$930,520, respectively, equal to the employees and the employer required contributions for 2013, 2012, and 2011.

**9. OTHER POST-EMPLOYMENT BENEFITS**

*Plan Description.* The DeSoto Parish Sheriff's medical/dental and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical/dental coverage for the retiree (not dependents). Employees who are eligible are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: attained age 55 with 15 years of service. Entitlement to benefits continues from retirement, through Medicare to death.

**DESOTO PARISH SHERIFF**  
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**NOTES TO THE FINANCIAL STATEMENTS**

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**9. OTHER POST-EMPLOYMENT BENEFITS (continued)**

Life insurance coverage is continued to retirees by election. The employer pays for life insurance of \$10,000 after retirement for retirees and the retirees may elect to continue insurance amounts above \$10,000 after retirement. However, the rates for both are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Based on past experience, we have assumed that 75% of retirees continue the higher insurance amounts into retirement. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

*Contribution Rates.* Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

*Funding Policy.* Until 2009, the DeSoto Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (DeSoto Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. For year ended June 30, 2013, DeSoto Parish Sheriff's portion of health care funding costs for retired employees totaled \$88,155

Effective July 1, 2009, DeSoto Parish Sheriff implemented Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table..

*Annual Required Contribution.* DeSoto Parish Sheriff's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the normal cost plus the contribution to amortize the unfunded actuarial accrued liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2013
Normal Cost	\$ 465,851
30-year UAAL amortization amount	372,471
Annual required contribution (ARC)	\$ 838,322

*Net Post-employment Benefit Obligation.* The table below shows the DeSoto Parish Sheriff's net other post-employment benefit (OPEB) obligation for fiscal year ending June 30, 2013:

Annual required contribution	838,322
Interest on net OPEB obligation	80,256
ARC Adjustment	(116,030)
Annual OPEB Cost (expense)	802,548
Contributions	-
Current year retiree premium	(88,155)
Change in net OPEB obligation	714,393
Net OPEB obligation-beginning of year	2,006,396
Net OPEB obligation-end of year	\$ 2,720,789



**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

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**9. OTHER POST-EMPLOYMENT BENEFITS (continued)**

The following table shows DeSoto Sheriff's annual other post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded other post employment benefits (PEB) liability for this fiscal year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 766,968	10.98%	\$ 2,720,789

*Funded Status and Funding Progress.* In the fiscal year ending June 30, 2013, DeSoto Sheriff made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2012 actuarial valuation, the most recent valuation, the actuarial accrued liability (AAL) at the end of the year June 30, 2013 was \$6,698,408 which is defined as that portion, as determined by a particular actuarial cost method (the Sheriff uses the projected unit credit cost method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year ended June 30, 2013, the entire actuarial accrued liability of \$6,698,408 was unfunded.

Covered payroll of active plan members in 2013 was \$4,927,291. The UAAL as a percentage of covered payroll was 135.95%.

*Actuarial Methods and Assumptions.* Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Sheriff and the employee plan members) at the time of the valuation and on the pattern of sharing costs between the Sheriff and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Sheriff and the plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

*Actuarial Cost Method.* The ARC is determined using the projected unit credit cost method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

*Actuarial Value of Plan Assets.* There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

*Turnover Rate.* An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 6%.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

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**9. OTHER POST-EMPLOYMENT BENEFITS (continued)**

*Post employment Benefit Plan Eligibility Requirements.* The actuary has assumed that employees retire four years after the earliest eligibility to retire as described in the section above entitled "Plan Description." Medical benefits are provided to employees upon actual retirement.

*Investment Return Assumption (Discount Rate).* GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

*Health Care Cost Trend Rate.* The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

*Mortality Rate.* The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is the actuary's opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

*Method of Determining Value of Benefits.* The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical and dental benefits for the retiree only (not dependents) The medical rates provided are "blended" rates for active and retired both prior to and after Medicare eligibility. The estimated "unblended" rates were estimated as required by GASB 45 for valuation purposes to 130% of the blended rates prior to Medicare eligibility and 80% of the blended rates after Medicare eligibility.

*Inflation Rate.* Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

*Projected Salary Increases.* This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

*Post-retirement Benefit Increases.* The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for year ended June 30, 2013:

OPEB Cost	\$	802,548
Contribution		-
Retiree premium		88,155
Total contribution and premium		<u>88,155</u>
Change in net OPEB obligation	\$	<u>714,393</u>
% of contribution to cost		0.00%
% of contribution plus premium to cost		10.98%

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

**10. RESTRICTED NET POSITION / FUND BALANCE**

The following schedule summarizes restricted net position and the reserves at June 30, 2013:

	Restricted Fund Balance		Restricted Net Position
	General Fund	Nonmajor Funds	
DARE	\$ -	\$ 41,389	\$ 41,389
Total	\$ -	\$ 41,389	\$ 41,389

**11. CHANGES IN AGENCY NET POSITION**

A summary of changes in agency net position due to taxing bodies and others follows:

FUND	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Tax collector	\$ 1,631,437	\$ 77,159,866	\$ 78,781,060	\$ 10,243
Civil	105,901	662,023	759,490	8,434
Criminal	384,794	3,109,639	3,226,315	268,118
Drug Seizures Escrow	6,603	2,363	8,067	899
Inmate Commissary	3,925	110,609	110,189	4,345
Totals	\$ 2,132,660	\$ 81,044,500	\$ 82,885,121	\$ 292,039

**12. COMMITMENTS AND CONTINGENCIES**

**Lawsuits.** At June 30, 2013, the Sheriff was a defendant in lawsuits principally arising from the normal course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff and legal counsel, resolution of these matters would not create a liability in excess of insurance coverage that would have a material adverse effect on the financial condition of the Sheriff.

**Grants.** The Sheriff receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the agreements. In the opinion of management, such disallowance, if any, would be insignificant.

**13. FEDERAL FINANCIAL ASSISTANCE**

During the year ended June 30, 2013, the DeSoto Parish Sheriff participated in the following federal financial assistance programs:

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Number	Issues/ Expenditures
<b>Department of Homeland Security</b>			
Emergency Management Performance Grant 2012	97.042	EMW-2012-EP-00042	38,736
Emergency Management Performance Grant 2011	97.042	EMW-00-EP-00058	11,535
			50,271
<b>Total Federal Financial Assistance</b>			<b>\$ 50,271</b>

During the year, the DeSoto Parish Sheriff's office began administering monies received for Homeland Security/Emergency Preparedness Grants. These monies were previously distributed and recorded by the DeSoto Parish Police Jury.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2013

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**14. TAXES PAID UNDER PROTEST**

The net position held for others pending court action in the Tax Collector agency fund at June 30, 2013, reflects taxes paid under protest, plus interest earned to date on these funds. These funds are held pending resolution of the protest.

**15. RELATED PARTY TRANSACTIONS**

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2013.

**16. ON-BEHALF PAYMENTS FOR SALARIES**

The Sheriff recognizes as general fund revenues and expenses, supplemental pay paid by the State of Louisiana to the Sheriff's employees. For year ended June 30, 2013, the state contributed \$530,185.

**17. SUBSEQUENT EVENTS**

Management has performed an evaluation of the Sheriff's activities through December 30, 2013 and has concluded that there is one significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued. The Louisiana Legislative Auditor is currently performing an investigation of the DeSoto Parish Sheriff. At the date of this report, the investigation is not complete. Management does not believe this investigation will have any effect on these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND**

For the Year Ended June 30, 2013

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive(Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>EXPENDITURES/EXPENSES</b>				
Public Safety:				
Personal services & related benefits	\$ 8,781,500	\$ 8,781,500	\$ 9,161,940	\$ (380,440)
Operating expenses	931,400	931,400	789,525	141,875
Material & supplies	1,503,550	1,503,550	1,216,413	287,137
Travel & other charges	119,500	119,500	39,810	79,690
Capital outlays	2,562,000	2,562,000	1,545,243	1,016,757
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>13,897,950</b>	<b>13,897,950</b>	<b>12,752,931</b>	<b>1,145,019</b>
<b>PROGRAM REVENUES</b>				
Prisoner reimbursement fees	347,300	347,300	403,270	55,970
Contractual fees	549,200	549,200	650,505	101,305
Fines, forfeitures, and other commissions	523,150	523,150	639,084	115,934
Operating grants and contributions	827,600	827,600	1,009,021	181,421
<b>TOTAL PROGRAM REVENUES</b>	<b>2,247,250</b>	<b>2,247,250</b>	<b>2,701,880</b>	<b>454,630</b>
<b>NET PROGRAM EXPENSE</b>	<b>11,650,700</b>	<b>11,650,700</b>	<b>10,051,051</b>	<b>1,599,649</b>
<b>GENERAL REVENUES</b>				
Property taxes	7,402,000	7,402,000	8,254,960	852,960
Sales taxes	4,200,000	4,200,000	4,381,486	181,486
State revenue sharing	55,000	55,000	48,908	(6,092)
Video poker	100,000	100,000	131,728	31,728
Miscellaneous income	18,000	18,000	34,677	16,677
Investment earnings	50,000	50,000	114,771	64,771
<b>TOTAL GENERAL REVENUES</b>	<b>11,825,000</b>	<b>11,825,000</b>	<b>12,966,530</b>	<b>1,141,530</b>
<b>EXCESS(Deficiency) of REVENUES OVER EXPENDITURES</b>	<b>174,300</b>	<b>174,300</b>	<b>2,915,479</b>	<b>2,741,179</b>
<b>Other financing sources(uses):</b>				
Operating transfers in (out)	-	-	(75,000)	(75,000)
Sale of assets/ Gain (loss) on sale of assets	15,000	15,000	37,600	22,600
Compensation for damaged assets	1,000	1,000	54	(946)
<b>TOTAL Other financing sources(uses)</b>	<b>16,000</b>	<b>16,000</b>	<b>(37,346)</b>	<b>(53,346)</b>
<b>EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)</b>	<b>190,300</b>	<b>190,300</b>	<b>2,878,133</b>	<b>2,687,833</b>
<b>FUND BALANCE</b>				
Beginning of the year	39,274,326	39,274,326	39,274,326	-
End of the year	\$ 39,464,626	\$ 39,464,626	\$ 42,152,459	\$ 2,687,833

The notes to the financial statements are an integral part of the financial statements.  
See the accompanying independent auditor's report

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**Schedule of Funding Progress for Retiree Health Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Discount Rate</b>	<b>Actuarial Accrued Liabilities (AAL)</b>	<b>Unfunded Actuarial Accrued Liabilities (UAAL)</b>	<b>Funded Ratio</b>
July 1, 2011	0	4.00%	\$ 5,087,480	\$ 5,087,180	0.0%
July 1, 2012	0	4.00%	\$ 5,290,979	\$ 5,290,979	0.0%
July 1, 2013	0	4.00%	\$ 6,698,408	\$ 6,698,408	0.0%

The notes to the financial statements are an integral part of the financial statements.

See the accompanying independent auditor's report

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**As of and for the Year Ended June 30, 2013**

**Budgetary Information**

The Sheriff's budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

The Sheriff exercises budgetary control at the functional level. Within functional levels, the accountant has the authority to make amendments as necessary.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budget was amended during the year. The budget comparison schedules present the original adopted budget and the final amended budget.

The Sheriff's budget process is as follows:

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Sheriff must approve all changes or amendments to the budget.

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Sheriff. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and the final budget which includes all amendments. The general fund budget was amended during the year.

**Schedule of Funding Progress for Retiree Health Plan**

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.



## **OTHER SUPPLEMENTAL INFORMATION AND SCHEDULES**

**DeSoto Parish Sheriff  
Mansfield, Louisiana**

**OTHER NONMAJOR SPECIAL REVENUE FUNDS  
Year ended June 30, 2013**

**Drug Task Force Budget Fund**

The Drug Task Force Fund consists of a federal grant from the United States Department of Justice passed through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, and local matching grants. The purpose of the fund is to increase the apprehension, prosecution, adjudication, detention, rehabilitation, eradication, and treatment of persons who violate state and local laws relating to the production, possession, and transfer of controlled substances.

**DARE Fund**

The DARE Fund consists of a state grant from the Louisiana Commission on Law Enforcement and public donations and certain court costs. The grant, donations, and costs are used to reduce illegal drug use among youth through educational programs.

**Criminal Interdiction**

The Criminal Interdiction Fund holds monies released from drug seizures. The monies can be used to supplement the drug task force.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS**

Combining Balance Sheet

June 30, 2013

	Task Force		DARE		Criminal		Total
	Budget		Fund		Interdiction		
	Fund		Fund		Interdiction		
<b>ASSETS</b>							
Cash	\$ 15,300	\$	38,851	\$	57,803	\$	111,954
Receivables	-		2,538		-		2,538
<b>TOTAL ASSETS</b>	<u>\$ 15,300</u>	<u>\$</u>	<u>41,389</u>	<u>\$</u>	<u>57,803</u>	<u>\$</u>	<u>114,492</u>
<b>LIABILITIES &amp; FUND EQUITY</b>							
Liabilities:							
Due to other taxing bodies	\$ -	\$	-	\$	-	\$	-
Interfund payables	-		-		-		-
Total liabilities	<u>-</u>	<u></u>	<u>-</u>	<u></u>	<u>-</u>	<u></u>	<u>-</u>
Fund equity:							
Fund balance:							
Restricted	-		41,389		-		41,389
Assigned	15,300		-		57,803		73,103
Total Fund Equity	<u>15,300</u>	<u></u>	<u>41,389</u>	<u></u>	<u>57,803</u>	<u></u>	<u>114,492</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u>\$ 15,300</u>	<u>\$</u>	<u>41,389</u>	<u>\$</u>	<u>57,803</u>	<u>\$</u>	<u>114,492</u>

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2013**

	Task Force Budget Fund	DARE Fund	Criminal Interdiction Fund	Total
<b>REVENUES</b>				
Fees, Fines, Seizures, and Commissions	\$ 11,898	\$ 11,080	\$ 2,530	\$ 25,508
Operating Grants and Contributions				
Federal grants	-	-	-	-
Local grants	30,000	-	-	30,000
State grants	-	20,899	-	20,899
Interest	-	121	-	121
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>41,898</u>	<u>32,100</u>	<u>2,530</u>	<u>76,528</u>
<b>EXPENDITURES</b>				
Public safety:				
Personal services and related benefits	-	18,342	11,848	30,190
Operating services	61,583	-	35,926	97,509
Materials and supplies	-	10,490	7,252	17,742
Travel and other charges	236	693	3,172	4,101
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>61,819</u>	<u>29,525</u>	<u>58,198</u>	<u>149,542</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(19,921)	2,575	(55,668)	(73,014)
Other financing sources (uses)				
Transfer in	26,721	-	48,279	75,000
Transfer out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<u>26,721</u>	<u>-</u>	<u>48,279</u>	<u>75,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)</b>	6,800	2,575	(7,389)	1,986
<b>FUND BALANCES, BEGINNING OF YEAR</b>	8,500	38,814	65,192	112,506
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 15,300</u>	<u>\$ 41,389</u>	<u>\$ 57,803</u>	<u>\$ 114,492</u>

**DeSoto Parish Sheriff  
Mansfield, Louisiana**

**FIDUCIARY FUND TYPE—AGENCY FUNDS  
Year ended June 30, 2013**

**Tax Collector Fund**

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes, licenses, and fees. The Tax Collector Fund is used to collect and distribute these taxes to the appropriate taxing bodies.

**Civil Fund**

The Civil Fund accounts for the collection of funds in civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

**Criminal Fund**

The Criminal Fund is a depository for cash bonds, fines, and court costs which are posted in criminal and traffic cases and the collection of a bond fee charge levied for the processing of cash bonds. Bond fee charges are transferred to the Sheriff's General Fund and cash bonds are held until cases are heard in court and then either refunded to defendants, or distributed as directed by the court.

**Drug Seizures Escrow Fund**

In accordance with Louisiana Revised Statute 40:2616, the District Attorney for the Forty-second Judicial District has appointed the DeSoto Parish Sheriff as administrator for the Drug Seizures Escrow Fund. This fund accounts for seized property subject to forfeiture to the law enforcement agencies that participated in the seizing process. The distributions to the appropriate agencies are made only upon order of the district attorney as approved by the court.

**Inmate Fund**

The Inmate Fund accounts for funds of inmates that are used for personal items purchased by the inmates.

**DESOTO PARISH SHERIFF**

Mansfield, Louisiana

**FIDUCIARY FUND TYPE- AGENCY FUNDS**

Statement of Changes in Net Position

For the year ended June 30, 2013

	<b>Tax Collector Fund</b>	<b>Civil Fund</b>	<b>Criminal Fund</b>	<b>Drug Seizures Escrow Fund</b>	<b>Inmate Fund</b>	<b>Total</b>
<b>Additions:</b>						
Taxes, fees, etc., received:						
Sheriff's sales	\$ -	\$ 481,911	\$ -	\$ -	\$ -	\$ 481,911
Fines, forfeitures, and costs	-	-	3,011,712	-	-	3,011,712
Garnishments	-	129,756	-	-	-	129,756
Seizures, bonds, etc	-	-	97,927	2,363	-	100,290
Ad Valorem						
Current year	76,450,999	-	-	-	-	76,450,999
Prior year	32,784	-	-	-	-	32,784
Protested	735	-	-	-	-	735
State revenue sharing	563,592	-	-	-	-	563,592
Interest on:						
Operating account	5,669	-	-	-	-	5,669
Delinquent taxes	20,808	-	-	-	-	20,808
Prior year taxes	1,357	-	-	-	-	1,357
Cost of tax notices, etc.	29,907	-	-	-	-	29,907
Redemptions	51,378	-	-	-	-	51,378
Other additions	2,637	50,356	-	-	110,609	163,602
Total additions	<u>77,159,866</u>	<u>662,023</u>	<u>3,109,639</u>	<u>2,363</u>	<u>110,609</u>	<u>81,044,500</u>
<b>Deductions:</b>						
Settlement payments to:						
Louisiana Dept of Forestry	26,291	-	-	-	-	26,291
Red River Levee District	2,912	-	-	-	-	2,912
Louisiana Tax Commission	15,022	-	-	-	-	15,022
Northwest Crime Lab	-	-	124,620	-	-	124,620
Northwest Juvenile Detention	-	-	83,835	-	-	83,835
Louisiana Rehabilitation	-	-	39,375	-	-	39,375
DeSoto Parish:						
Sheriff's General Fund	8,390,019	146,400	311,997	-	-	8,848,416
Clerk of Court	-	19,997	294,581	-	-	314,578
Police Jury	10,693,344	-	1,219,542	-	-	11,912,886
School Board	37,994,665	-	-	-	-	37,994,665
Parish Library	2,323,833	-	-	-	-	2,323,833
Assessor	2,176,518	-	-	-	-	2,176,518
Municipalities	-	-	1,753	-	-	1,753
District Attorney	-	-	405,720	1,464	-	407,184
Communications District	760,000	-	-	-	-	760,000
Judicial Expense Fund	-	-	147,014	-	-	147,014
Indigent Defender Fund	-	-	469,904	-	-	469,904
Fire Protection District No. 1	1,292,985	-	-	-	-	1,292,985
Fire Protection District No. 2	735,428	-	-	-	-	735,428
Fire Protection District No. 5	459,441	-	-	-	-	459,441
Fire Protection District No. 8	3,200,572	-	-	-	-	3,200,572
Fire Protection District No. 9	2,441,726	-	-	-	-	2,441,726
Water District No. 1	674,477	-	-	-	-	674,477
Ambulance Service District	4,604,942	-	-	-	-	4,604,942
Litigants, attorneys	-	116,544	-	-	-	116,544
State Pension Funds	2,129,337	-	-	-	-	2,129,337
Other Settlements	-	-	83,160	-	-	83,160
Refunds	859,548	12,530	44,814	-	-	916,892
Other reductions	-	464,019	-	6,603	110,189	580,811
Total reductions	<u>78,781,060</u>	<u>759,490</u>	<u>3,226,315</u>	<u>8,067</u>	<u>110,189</u>	<u>82,885,121</u>
<b>Change in Net Position</b>	<u>(1,621,194)</u>	<u>(97,467)</u>	<u>(116,676)</u>	<u>(5,704)</u>	<u>420</u>	<u>(1,840,621)</u>
<b>Net Position, beginning</b>	<u>1,631,437</u>	<u>105,901</u>	<u>384,794</u>	<u>6,603</u>	<u>3,925</u>	<u>2,132,660</u>
<b>Net Position, ending</b>	<u>\$ 10,243</u>	<u>\$ 8,434</u>	<u>\$ 268,118</u>	<u>\$ 899</u>	<u>\$ 4,345</u>	<u>\$ 292,039</u>

Supplementary Information. Presented for purposes of additional analysis only.

**OTHER SUPPLEMENTAL INFORMATION  
REQUIRED BY THE  
LOUISIANA LEGISLATIVE AUDITOR**

## ANNUAL REPORTING REQUIREMENT OF SHERIFF AS EX OFFICIO TAX COLLECTOR TO LEGISLATIVE AUDITOR

State of Louisiana, Parish of DeSoto  
Rodney Arbuckle, Sheriff of DeSoto Parish

BEFORE ME, the undersigned authority, personally came and appeared, Rodney Arbuckle, the sheriff of DeSoto Parish, State of Louisiana, who after being duly sworn, deposed and said:

\$10,243 is the amount of cash on hand in the tax collector accounts on June 30, 2013.

The following is a list of ad valorem taxes assessed, collected, and uncollected for 2012:

	2012 Adjusted Tax Assessed	2012 Collections	2012 Uncollected
Louisiana Dept of Forestry	30,387	30,387	-
Red River Levee District	3,107	3,107	-
Louisiana Tax Commission	13,832	13,832	-
DeSoto Parish:			
Sheriff's General Fund	8,169,212	8,165,397	3,815
Police Jury	10,986,182	10,981,052	5,130
School Board	38,850,851	38,832,995	17,856
Parish Library	2,292,882	2,291,812	1,071
Assessor	2,135,656	2,134,659	997
Communications District (E911)	746,825	746,476	349
Fire Protection District No. 1	1,220,732	1,220,429	303
Fire Protection District No. 2	729,676	729,593	83
Fire Protection District No. 5	424,643	423,104	1,540
Fire Protection District No. 8	3,205,534	3,204,833	701
Fire Protection District No. 9	2,435,600	2,435,600	-
Water District No. 1	629,295	629,058	237
Ambulance Service District	4,585,765	4,583,623	2,141
	<u>\$ 76,460,179</u>	<u>\$ 76,425,957</u>	<u>\$ 34,222</u>

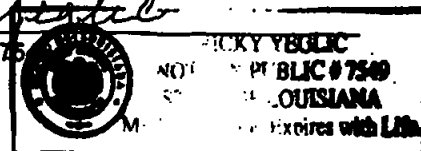
The taxes that were uncollected consist of oil wells that no longer produce and moveable property of businesses that have closed. Liens have been placed on these properties.

The above information is true and correct.

  
Sheriff of DeSoto Parish

SWORN to and subscribed before me, Notary, this 29th day of December, 2013, in my office in Mansfield, LA.

  
Vicky Yeglic No. 75  
Commission for life





**OTHER REPORTS**

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards**

Rodney G Arbuckle, Sheriff  
Desoto Parish, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, general fund and aggregate nonmajor governmental funds and each fiduciary fund of the DeSoto Parish Sheriff as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Sheriff basic financial statements and have issued my report thereon dated December 30, 2013.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered the DeSoto Parish Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Desoto Parish Sheriff's internal control. Accordingly, I do not express an opinion on the effectiveness of the DeSoto Parish Sheriff's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses and listed as 2013-01 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the DeSoto Parish Sheriff's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### **DeSoto Parish Sheriff's Response to Finding**

The DeSoto Parish Sheriff's response to the finding identified in my audit is described in the accompanying schedule of findings and responses. The DeSoto Parish Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control or on compliance. This report is an integral part of any audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 21:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Nehemiah D. Lees, CPA".

Mansfield, Louisiana  
December 30, 2013

## AUDIT FINDINGS

**DeSoto Parish Sheriff**  
Mansfield, Louisiana  
Schedule of Findings and Responses  
For the Year ended June 30, 2013

**Part I. SUMMARY OF AUDITOR'S REPORTS**

**INDEPENDENT AUDITOR'S REPORT:**

I have audited the basic financial statements of DeSoto Parish Sheriff as of and for the year ended June 30, 2013, and have issued my report thereon dated December 30, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the basic financial statements as of June 30, 2013, resulted in an unqualified opinion.

**REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL AND OTHER MATTERS TO THE FINANCIAL STATEMENTS:**

**Internal Control**

Significant Deficiency

☐ Yes

☒ No

Material Weakness

☒ Yes

☐ No

**Compliance**

Compliance Material to Financial Statements

☐ Yes

☒ No

Other Matters

☐ Yes

☒ No

**FEDERAL AWARDS:** Not applicable

**MANAGEMENT LETTER:** None was issued.

**Part II. Findings relating to the Financial Statements which are required to be reported under *Government Auditing Standards*.**

**FINDINGS RELATED TO INTERNAL CONTROL**

**2013-01. Inadequate design of internal control over financial statement preparation**

**Criteria:** In the past, auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements on or after December 15, 2006, Statements on Auditing Standards 112 expands management's responsibility to ensure the propriety and completeness of the financial statements and related footnotes. The Sheriff's management lacks the resources necessary to internally complete the statements and disclosures in accordance with generally accepted accounting principles (GAAP).

**Effect:** Sheriff's management may not identify material misstatements in the financial statements.

**Finding:** The Sheriff's staff responsible for preparation of the financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the resources necessary to internally complete the reporting requirements.

**Recommendation:** The Sheriff should either: 1) obtain the resources and/or knowledge necessary to internally prepare or review the auditor's preparation of the financial statements and related footnote disclosures in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

**Management Response:** Based upon the cost versus benefit of obtaining the necessary resources and/or training. I have determined that it is not cost effective for the accounting department to obtain the necessary qualifications and training to establish internal controls over the preparation of financial statements in accordance with GAAP. I feel it is in my interest to continue to outsource this task to the independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

**DeSoto Parish Sheriff**  
**Mansfield, Louisiana**  
**Summary Schedule of Prior Year Findings**  
**For the year ended June 30, 2013**

**2012-01 Inadequate design of internal control over financial statement preparation. Unresolved.**